

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 5, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 45 minutes to discuss one item of potential litigation and one item of property disposition.

The meeting resumed at 7:00 p.m. with Mayor Marshall presiding.

2. Study Session

(a) 2005-2006 Budget and 2005-2011 Capital Investment Program (CIP) Plan

City Manager Steve Sarkozy opened by explaining that the purpose of tonight's discussion is to review the initial results of the 2004 Budget Survey and provide an overview of the City's operating budget. The 2004 survey indicates that 97 percent of respondents feel Bellevue is a good or excellent place to live, and 96 percent said the quality of life in their neighborhood is good to excellent. Eight of 10 survey respondents say they are getting their money's worth for their tax dollar, and three-quarters of respondents suggest keeping taxes and services about where they are now.

(1) 2004 Budget Survey

Rich Siegel, Performance and Outreach Coordinator, explained that the budget survey was conducted March 1-14 via telephone. Staff conducted a random sample survey which included quotas for single-family/multifamily households and gender. Reasons given by survey respondents who rated the overall quality of life as good or excellent include location, convenience, parks and open space, safety, attractive/well-planned community, good

neighborhoods, transportation, good schools, and arts/entertainment. The biggest problem identified by respondents was transportation and traffic congestion.

Reasons given by respondents who rated neighborhood quality of life as good or excellent were location/convenience, nice people, safety, quiet/peaceful, nice homes, and parks/open space and recreation. When asked if there was a problem in their neighborhood the City should do something about within the next two years, 64 percent of respondents said no, 34 percent said yes, and two percent did not know. Of those citing a neighborhood problem, 46 percent related to transportation (reduce traffic and speeding, more sidewalks/crosswalks, street light maintenance), 21 percent were livability issues (property cleanup, noise, growth, disruptions from construction, and trees blocking views), 17 percent suggested enhancing Police and reducing crime, and 9 percent recommended undergrounding utilities or otherwise reducing service interruptions.

Mr. Siegel noted that the percentage of survey respondents who feel they are getting their money's worth for their tax dollar has increased steadily since 1996. Nearly 80 percent of respondents feel tax and service levels should stay where they are. Respondents cited the following categories as their single most important budget priority: public safety (36 percent), transportation (31 percent), economic development (15 percent), environmental protection (9 percent), neighborhood preservation (5 percent), and parks (4 percent).

Mr. Siegel explained that survey respondents were asked to rate City services according to importance and satisfaction, with 1 indicating least important or least satisfied and 7 indicating most important or most satisfied. Services identified as most important included fire response, emergency medical services, police response, crime investigation, and hazardous materials response. Additional services rated above 6.0 in importance were park maintenance, building/widening roads, street and sidewalk maintenance, providing for residents in need, investing in technology for public safety, recreational facilities and youth programs, preparing for disasters, and enforcing traffic laws. In terms of satisfaction, top rated services include fire response, EMS, hazardous materials response, police response, park maintenance, street and street light maintenance, development of major parks, operation of existing community centers, crime investigation, fire prevention, and passive parks.

Staff analyzed the gap between ratings for the importance of and satisfaction with specific services. Services with the largest gap between these two criteria are building or widening roads, reducing traffic in residential areas, managing the city's physical development, preparing for disasters, investigating and solving crimes, and preserving open spaces. However, the gap has decreased for these areas since the 2002 survey. Three areas with increased gaps between importance and satisfaction are promoting affordable housing, providing services for residents in need, and promoting jobs and economic development.

Mr. Siegel summarized that the majority of residents are happy with their quality of life in Bellevue. Residents generally feel that City services are important and delivered well.

Mr. Sarkozy reflected that the 2002 survey results appeared to be the highest ratings the City could expect to achieve. He commended staff for continuing to deliver a high level of service

and for maintaining or improving satisfaction ratings during the past two years despite the slowed economy.

Mayor Marshall commended staff members for their good work and thanked citizens for participating in the survey. Dr. Davidson is proud staff has been able to maintain and increase service levels while continuing to tighten the budget. Mr. Lee concurred and emphasized the importance of maintaining a high quality of life in the community.

(2) 2003-2004 Operating Budget Overview

Finance Director Jan Hawn explained that tonight's overview of the 2003-2004 operating budget will provide the foundation for establishing the 2005-2006 operating budget.

Joe Guinasso, Finance Assistant Director, said the 2003-2004 operating budget totals \$587 million with a diverse mix of revenue sources including taxes, utility services fees, charges for services, the beginning fund balance (a carry-forward of reserves from the previous budget period), grants, and operating transfers. The 2003-2004 operating budget covers 1,244 full-time equivalent (FTE) employees. Mr. Guinasso noted an additional seven City employees funded through special purpose funds separate from the operating budget.

Mr. Guinasso explained that the operating budget includes operating expenditures, double budgeting, and reserves. Double budgeting is based on governmental accounting standards that require the City to account for each fund as a separate entity. If one fund is a seller of services and another is a buyer of services, both funds will reflect the overlapping expenditures in their budgets. This inflates the bottom line. The operating budget contains operating reserves, capital asset replacement reserves, and pension and self-insurance reserves.

Mr. Guinasso reviewed the types of funds in the operating budget beginning with Enterprise Funds which include utilities, development services, and parks enterprise funds. These are self-sufficient entities supported by user fees and charges with reserves to handle capital needs, prepaid liabilities, and expenditure fluctuations. Internal Service Funds include reserves, direct service departments (Facilities, Information Technology, equipment rental), self-insurance funds, and health benefits. Additional operating funds include Franchise Management (two FTEs), Hotel/Motel Tax Fund, LEOFF 1 Medical Reserve, and the Rainy Day Reserve Fund. The Rainy Day Reserve was created in 1984, reflects roughly five percent of unrestricted General Fund revenues, and has never been utilized to date.

The General Fund is the largest portion of the operating budget, representing approximately 40 percent. The fund includes 13 departments with the largest being Police, Fire, Transportation, and Parks. It includes 880 FTEs, or 70 percent of the City's total FTEs. Personnel expenses represent 62 percent, maintenance and operations represent 18 percent, and interfund charges represent 19 percent of the General Fund. The General Fund includes a subsidy of approximately \$12 million (0 FTEs) to the Planning and Community Development Department.

Mr. Guinasso reviewed key financial policies contained in the budget:

- The existing base budget will be thoroughly examined to assure elimination or reduction of any services that could be eliminated or reduced in cost.
- If expenditure reductions are necessary, service elimination is preferable to poor or marginal quality programs.
- Existing services will compete directly with investment proposals during the budget evaluation process.
- Maintain a mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability.
- Taxes should be selected for balance, applicability, and probable economic impact.

Mr. Degginger suggested financial policies should reflect whether specific services are weighted more heavily than others.

Mr. Sarkozy noted one of the upcoming budget discussions will address reserve funds and related policies.

Mr. Chelminiak observed that 82 percent of the General Fund budget is spent on Fire, Parks and Community Services, Police, and Transportation, which is consistent with the priorities identified by the community and supported by City Councils over the years.

(b) Critical Areas Public Participation Process

Mr. Terry recalled discussion with Council during the March 22 Extended Study Session regarding the need to include shorelines in the critical areas policies update. Council received a letter on March 29 from Nan Campbell, Chair of the recent Critical Areas Citizens Advisory Committee, recommending that Council again establish a CAC to consider the policies necessary to include shoreline fish and wildlife habitats in the update. Direct mailings have been sent to all shoreline property owners. Following Council direction on March 22, staff is organizing a panel of residents and others to discuss the impact of shoreline policies and regulations on the shoreline environment. Open houses are scheduled to encourage public participation as well.

Deputy Mayor Noble feels the proposed review process provides sufficient opportunity for those interested in shoreline issues to participate and provide input. However, based on Council's previous discussion with staff regarding the deadline for completing the update, Mr. Noble noted there is insufficient time to initiate another CAC process.

Responding to Mr. Chelminiak, Legal Planner Kate Berens said staff will meet with the Critical Areas CAC on April 19 to discuss the shorelines policy update and provide draft copies of the policies. Three CAC members with shoreline expertise have been invited to participate on the panel to be held before the Planning Commission. The City hopes to recruit seven to nine panel members including representatives of environmental groups, shoreline property owners, and citizens who perform work along the shoreline.

Mr. Degginger encouraged former CAC members to participate in the two public hearings to be held before the Planning Commission as well.

Responding to Dr. Davidson, Ms. Berens said this will not be the City's full shoreline policy update. It will focus on areas in which shoreline fish and wildlife habitats relate to critical areas policies. Dr. Davidson expressed concern that the best available science will not be available at the time when the decision on policies will be needed.

Mayor Marshall suggested that former CAC members be provided with packets of comprehensive information on the proposed policies and asked to provide their feedback and input. She noted Council consensus to move forward with the process described by staff.

(c) Finance/Human Resources System Replacement Project Update

[See Regular Session, Agenda Item 5(a).]

(d) Bellevue 50Fest Final Update

[See Regular Session, Agenda Item 5(b).]

At 8:01 p.m., Mayor Marshall declared recess to the Regular Session and indicated that remaining agenda items would be addressed during that session.

Myrna L. Basich
City Clerk

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